

Policy Statement on Voluntary Early Actions to Reduce Greenhouse Gas Emissions

At the October 2007 meeting, the Air Resources Board heard from staff concerning provisions of AB 32 related to voluntary early actions. At that meeting, the Board directed staff to develop a policy statement for early voluntary greenhouse gas reductions.

*Staff is now seeking comment on its draft policy statement for early voluntary greenhouse gas reductions (below), which it plans to present to the Board for consideration at the Board meeting on February 28, 2008. **We request that any written comments be sent via email to ccplan@arb.ca.gov by the close of business on February 19, 2008.***

STAFF DRAFT

With the increasing recognition of the serious threat posed by climate change, many individuals and organizations have begun to reduce their greenhouse gas emissions. With the passage of AB 32, California has made a commitment to achieve significant emission reductions statewide, with the goal of reducing California's emissions to 1990 levels by 2020. Emission reduction actions taken on a voluntary basis, while the program to implement AB 32 is being developed, will aid the State in meeting this goal.

Two provisions of AB 32 address voluntary early actions:

- Health and Safety Code Section 38562(b)(1) directs the Board, to the extent feasible, to: "Design the regulations, including distribution of emissions allowances where appropriate, in a manner that ... encourages early action to reduce greenhouse gas emissions."
- Health and Safety Code Section 38562(b)(3) directs the Board, to the extent feasible, to: "Ensure that entities that have voluntarily reduced their greenhouse gas emissions prior to the implementation of this section receive appropriate credit for early voluntary reductions."

These are important provisions of AB 32, and the Board believes it is critical to encourage voluntary early actions in order to achieve the goals of AB 32. The Board is aware that uncertainty about how AB 32 will be implemented has made some companies reluctant to take voluntary actions to reduce their emissions. The fear is that the program could penalize companies that have reduced emissions before the program is put into place, such as by requiring the same percentage of emission reductions for all companies regardless of what an individual company has done in the past to reduce its emissions. The Board recognizes that it would be unfair to put companies in this position, and wants to emphasize that to the extent possible this will not be allowed to happen.

Until the AB 32 Scoping Plan and implementing regulations are finalized, there can, of course, be no guarantees about how voluntary early actions will be recognized. The Board will later determine the appropriate credit to be given for voluntary early actions and the conditions under which voluntary reductions may be used to comply with mandatory requirements. However, it is the Board's policy to strongly encourage voluntary early actions to reduce greenhouse gas emissions. The Board therefore directs staff, to the extent feasible, to develop the Scoping Plan and implementing regulations to:

- Encourage and reward voluntary reductions of greenhouse gas emissions;
- Ensure that companies are not disadvantaged because they have voluntarily reduced their greenhouse gas emissions; and
- Ensure that any credits or offsets provided for voluntary early actions are based on emission reductions that are real, permanent, quantifiable, verifiable, and enforceable.